

STATEMENT OF CONSIDERATIONS

REQUEST BY SCHLUMBERGER TECHNOLOGY CORPORATION FOR AN ADVANCE
WAIVER OF DOMESTIC AND FOREIGN INVENTION RIGHTS DOE COOPERATIVE
AGREEMENT NO. DE-FC26-03NT41835; W(A)-03-042, CH1163

The Petitioner, Schlumberger Technology Corporation (Schlumberger), was awarded this cooperative agreement for the performance of work entitled, "An Innovative High Pressure High Temperature MWD Foil." The purpose of the cooperative agreement is to design and commercialize a retrievable and re-seatable high-temperature, high-pressure measurement-while-drilling (MWD) tool with real-time continuous inclination, vibration detection, annular pressure, and gamma ray detection. The tool is to be designed to improve the economics of deep well drilling by improving overall rate-of-penetration (ROP) and accurate well placement in deep, hostile environments. Specific research will be required in the areas of high temperature (350 to 400 °F) and high-pressure (> 20 kpsi) sensors, electronics, packaging, materials, and pressure housings.

The total estimated cost of the cooperative agreement is \$5,914,215, with DOE providing \$3,893,256 or 66%. Schlumberger will provide an overall cost share of \$2,020,960 or 34%. The period of performance is from September 30, 2003 to June 29, 2006.

In its response to questions 5 and 6 of the attached waiver petition, Schlumberger has described its technical competence and commercial position in the field of high-temperature, high-pressure measurement while drilling tools. It invented wireline logging in 1927 for obtaining down-hole data in oil and gas wells. To manage new technology development and building on its record of providing leading-edge exploration and production (E&P) technologies, Schlumberger has a variety of service technology segments that capitalize on technical synergies and introduce innovative solutions within separate geographic/market regions. It has thirteen technology centers and five research centers. Schlumberger states that this project will be performed at the Sugar Land Product Center (SPC), a state of the art facility for designing and testing the most complex down-hole oilfield service equipment. It has cited numerous publications relevant to MWD technology, and additionally, indicates that further information on publications, as well as relevant patents, can be found within Schlumberger's web pages at www.connect.slb.com. Schlumberger has also provided a sample brochure (Appendix B to waiver petition) of a MWD tool. In response to question 6, Schlumberger states it is the world's largest and the leading supplier of E&P services, solutions, and technology to the international petroleum industry. It has 50,000 employees in 65 countries, and manages its business through 28 Oilfield Services regions. Schlumberger's response demonstrates its technical competency in the field of MWD tools.

In its response to questions 9 and 10 of the attached waiver petition, Schlumberger states grant of the waiver will allow the development of a more sophisticated tool that will be more readily adapted by exploration and operating companies, and increases the likelihood of commercialization.

Schlumberger also states that prior to this project, only major oil companies could afford to fund development of a state of the art tool destined for the expensive high-temperature market, and such a tool would be only for the exclusive use of a particular company. Since DOE is assisting in the development of this tool, and the tool will be made universally available by Schlumberger, any oil company can have access to this technology. Therefore, it is apparent that grant of the waiver will have a positive effect on competition and market concentration since the tool should be readily available to the entire oil exploration and operating market.

The subject cooperative agreement will be modified to add the Patent Rights--Waiver clause in conformance with 10 CFR 784.12, wherein Schlumberger has agreed to the provisions of 35 U.S.C §§ 202, 203, and 204. This waiver clause will also include a paragraph entitled U.S. Competitiveness, in which Schlumberger agrees to substantial U. S. manufacture of subject inventions (attached hereto). Additionally, Schlumberger agrees not to transfer subject inventions to any other entity unless that other entity agrees to these same requirements. The petitioner has further agreed to modification of the data clause of the subject cooperative agreement (48 C.F.R. 952.227-14) by adding paragraph (k), Alternative VI, concerning contractor licensing of data.

Considering the foregoing, it is believed that granting the waiver will provide the Petitioner with the necessary incentive to invest resources in the commercialization of the results of the agreement in a fashion which will make the agreement's benefits available to the public in the shortest practicable time. In addition, it would appear that grant of the above requested waiver would not result in an adverse effect on competition nor result in excessive market concentration. Therefore, in view of the objectives and considerations set forth in 10 CFR 784, all of which have been considered, it is recommended that the requested waiver, as set forth above, be granted.


Mark P. Dvorscak
Assistant Chief Counsel
Intellectual Property Law Division

Date: Dec 3, 2003

Based on the foregoing Statement of Considerations and the representations in the attached waiver petition, it is determined that the United States and the general public will best be served by a waiver of rights of the scope described above, and therefore the waiver is granted. This waiver shall not apply to any modification or extension of this agreement, where through such modification or extension, the purpose, scope, or cost of the agreement is substantially altered.

CONCURRENCE:



James A. Slutz
Deputy Assistant Secretary
Office of Fossil Energy
Natural Gas & Petroleum Technology
FE-30/FORS

Date: 2-05-04

APPROVAL:



Paul A. Gottlieb
Assistant General Counsel
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GC-62

Date: FEB 9 2004